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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

New Partnership for Africa's Development: progress in implementation and international support

Follow-up to the outcome of the Millennium Summit

Letter dated 23 September 2009 from the Permanent Representative of Portugal to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the text of identical letters dated 17 September 2009 from the Prime Minister of Portugal, Mr. José Socrates, in his capacity as Co-Chair of the African Partnership Forum, addressed to the President of the United States of America, Mr. Barack Obama, and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, Mr. Gordon Brown, as Chairman of the Group of Twenty (see annex).

I would appreciate it if the present letter and its annex could be circulated as a document of the General Assembly, under agenda items 52, 63 (a) and 114.

(*Signed*) José Filipe **Moraes Cabral**
Ambassador

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Annex to the letter dated 23 September 2009 from the Permanent Representative of Portugal to the United Nations addressed to the Secretary-General

The forthcoming G20 Pittsburgh Summit represents an enhanced opportunity for the deepening of appropriate global governance mechanisms able to represent and meet the challenges posed by today's world. In particular, as current co-chairs of the Africa Partnership Forum, we are concerned that the necessary commitment needed to prevent a severe setback of the MDG achievements in Africa should remain strong, even as in the developed world the worst of the crisis may appear to be behind us.

My fellow co-chairs of the African Partnership Forum, Prime Minister Meles Zenawi of Ethiopia and African Union Commission Chairperson Jean Ping, join me in requesting that the Pittsburgh Summit take into consideration the two enclosed messages of the Africa Partnership Forum, one on dealing with the crisis (see enclosure 1) and the other on the challenges of climate change (see enclosure 2).

On the current crisis, we strongly believe that measures of financial supervision and regulation and governance of international financial institutions are of utmost importance to ensure stability and growth in the global economy, and that without this Africa will be particularly hard hit. Adequate crisis mitigation and recovery mechanisms, coupled with the pledged development resources, are vital to guarantee that the accomplishments made in the fight against poverty in Africa will bear fruit. We call on the G20 for a rightful representation of Africa in global governance mechanisms and to maintain the urgent action against the financial and economic crisis. We also believe that Africa needs support from its partners to increase agricultural production in order to enhance food security for the attainment of the Millennium Development Goals and sustainable economic growth.

With regard to climate change, Africa faces various challenges, and most prominent among them is the need for adaptation. We must not lose sight that adaptation and development are inextricably interlinked and that adapting to the impacts of climate change will impose massive additional costs on Africa. This means that adequate financing is vital. Existing carbon market mechanisms will need to be reformed so as to ensure environmental integrity and to be more relevant and accessible to Africa. Appropriate financing for Africa must be considered as an essential part of our global responses to climate change.

(*Signed*) José **Socrates**

Lisbon, 17 September 2009

Enclosure 1

Key messages to the Pittsburgh Summit of the Group of Twenty

The Africa Partnership Forum sent a message to the Summit of the Group of Twenty (G20) in April 2009 addressing concerns on the global policy response to the economic and financial crisis and on its severe impact on Africa. A number of these issues continue to be central for the considerations of the Pittsburgh G20 Summit, in particular:

- **Financial supervision and regulation**

Momentum on delivering the necessary reforms must not wane as the worst of the crisis may appear to be behind us.

There is a need to continue to progress in establishing robust surveillance of domestic and international financial systems, which should include mechanisms for effective cross-border regulation of financial markets. Ensuring greater transparency of the risks taken by major financial institutions and addressing the incentives to excessive risk taking in the financial sector are an essential part of the systemic reforms.

Although Africa has a still underdeveloped financial system, it has a real stake in global stability and liquidity of international capital markets. Africa should therefore be properly represented in the new multilateral supervision mechanisms to be created, such as the Financial Stability Board.

Africa is striving to enhance effectiveness of fiscal policy, to take action against tax havens and for increased domestic resource mobilization to finance its development. We support the rapid completion of existing OECD work on tax evasion; broadening its scope to take in tax avoidance; opening up its work to developing countries; and developing proposals to enable them to benefit from the more transparent and cooperative tax environment. We support initiatives such as the United Nations Stolen Assets Recovery Initiative (StAR) aimed at preventing money laundering and illicit capital flight.

- **Governance of international financial institutions**

The mandates, scope and governance of international financial institutions must reflect the changes in the world economy, as well as a greater voice and representation from emerging and developing economies, including the poorest.

APF calls for keeping to the deadlines for the reform of international financial institutions that was announced in April.

When discussing issues such as decision-making on Board chairs, quota and voting shares of international financial institutions, Africa must be involved in developing the recommendations and principles for reform. These reforms should deliver a more inclusive architecture, with an adequate voice to Africa in the management and operations of international financial institutions. We firmly believe that such arrangements should not be based solely on economic weight.

In addition, we welcome the completion and approval by the Boards of both the International Monetary Fund (IMF) and the World Bank of the review of the Debt Sustainability Framework and call for the quick and effective implementation of recommendations.

• **Crisis mitigation and crisis recovery**

The Africa Partnership Forum has monitored and taken stock of the G20 action plan and the response developed so far by the multilateral system and bilateral donors to assist developing countries in Africa in cushioning the impact of this crisis, by providing short-term measures to counter this exogenous shock. In this context we welcome the recent IMF announcement of significantly increased and diversified financial support to low-income countries, intended to be more responsive to demand and needs and with more flexible conditionality.

We welcome the general SDR allocation of $250 billion to inject into the world economy, as decided in April; however, we note that only 7 per cent of these would reach Africa under current rules.

We recall that support to the poorest countries throughout this crisis will require making additional resources available to the World Bank and the African Development Fund in order to ensure the continued availability of resources during the remaining period of IDA 15 and ADF 11.

• **Development resources**

Africa must be integrated in the coordinated effort to stimulate global aggregate demand. In the longer term, rebalancing world demand also requires adequate and predictable resources enabling Africa to finance its development.

We acknowledge the need for endowing the multilateral development banks with the adequate resources to fulfil their mandates, while maximizing comparative advantages and global impact. In this context we call for an expedited process of consultations and assessment on a possible general capital increase at the African Development Bank.

We again underline the importance of donors preserving official development assistance (ODA) budgets in the potentially difficult forthcoming fiscal years and delivering on ODA commitments, as well as the Gleneagles pledge of doubling aid to Africa.

We need to put the world economies on a sustainable growth path and address climate change. This will require allocating substantial and specific support to Africa for adaptation, particularly to its poorest and most vulnerable countries, as well as devising mechanisms for recognizing and rewarding Africa's mitigation efforts and promoting low carbon growth paths.

• **Agriculture and food security**

We believe that Africa needs support from its partners to increase agricultural production in order to enhance food security for the attainment of the Millennium Development Goals and sustainable economic growth and call on the G20 to seriously support the agriculture and food security sectors.

• **Global governance**

We underline that wherever world governance mechanisms are being worked out, where agreements on global problems and global public goods are shaped, no continent should be left out. We call for an inclusive and permanent representation of Africa at the G20 and other global governance mechanisms.

Enclosure 2

Africa Partnership Forum Special Session on Climate Change: 3 September 2009, Addis Ababa

Joint statement

1. The Africa Partnership Forum (APF) held in Addis Ababa on 3 September 2009 a special session dedicated to climate change, focusing on Africa's concerns and expectations in the current United Nations negotiations on this matter. The meeting was addressed by H.E. Ato Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia, and by distinguished ministers from APF member countries.

2. Participants to this special session recognize that climate change is a critical issue globally and for Africa, and see this as a crucial year for taking effective international action. They are committed to reaching an effective and ambitious agreement at Copenhagen.

3. **Mitigation** — *Urgent action needs to be taken by the international community to reduce global emissions. Africa is prepared to make a significant contribution to this effort. The Copenhagen agreement must recognize Africa's legitimate development needs.*

- **Ambitious global emissions targets are needed**: action needs to be taken to cut emissions. All countries must act, consistent with our common but differentiated responsibilities and respective capabilities. Developed countries among us will take the lead in promptly undertaking robust aggregate and individual reductions. We recognize the broad scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2°C;

- **Africa's contribution to this global effort needs to be recognized**: increased funding for reduced emissions from deforestation and forest degradation needs to be an integral part of a Copenhagen agreement;

- **Africa's legitimate development needs must also be recognized**: Africa needs to meet its sustainable development objectives, including developing its energy resources. Increased support for low carbon growth must also be an integral part of a Copenhagen agreement.

4. **Adaptation** — *Climate change is already having a substantial impact on Africa. Successfully adapting to these impacts is crucial to achieving its development objectives. This issue needs to be given urgent and increased attention.*

- **Adapting to the impacts of climate change will impose massive additional costs on Africa**: Africa is the continent least responsible for climate change, but is acutely vulnerable to its effects — on economic growth, poverty reduction, and the prospects for achieving the Millennium Development Goals. The impacts will spread across all sectors -- from agriculture to water, energy and health. The costs will be enormous. Africa has far fewer resources than other regions to meet them;

- **The issue of adaptation needs to be given increased priority in the UNFCCC negotiations**: now that climate change is already happening, much more attention needs to be given in Copenhagen to tackling the challenges of adaptation, alongside the challenges of mitigation;

- **Adaptation and development are inextricably interlinked**: adaptation strategies need to be integrated into both national and regional development plans and into sector policies, including gender considerations — as African Governments are starting to do, and into the support provided by development partners.

Both adaptation and mitigation will need to be supported by accelerated technology development, diffusion and transfer, and substantial new additional, more predictable and sustainable finance, and capacity-building.

5. **Technology** — *It is essential to harness the full potential of technological innovation in order to meet the challenges of mitigation and adaptation in Africa and globally.*

- **More support is needed for the development, diffusion and transfer of technology**: both adaptation and mitigation efforts need to be supported by accelerated technology development, diffusion and transfer, and by intensified efforts to build the capacity needed both to develop and to use new technologies;

- **Greater focus should be given to areas of particular relevance to Africa**, such as forests, land use, energy efficiency and renewable energy;

- **Trade policy should be mobilized in support of technology diffusion**: the elimination or reduction of tariff and non-tariff barriers to trade in environmental goods and services is essential to promote the dissemination of cleaner low-carbon technologies worldwide.

6. **Finance** — *Existing financial mechanisms need to be reformed and scaled up.*

- **Existing carbon market mechanisms should be reformed to make them more relevant and accessible to Africa**: this should include action to improve the procedures and modalities, and broaden the coverage of the Clean Development Mechanism in a way that will respond to Africa's initiatives and increase the potential benefits to Africa;

- **New, additional, more predictable and sustainable resources need to be provided — in support of both adaptation and mitigation**: this will require the development of new financing sources and effective mechanisms, including the new climate change funding initiatives currently under discussion, as an integral part of the Copenhagen agreement;

- **Future funding should respond to the long-term sustainable development priorities of Africa**: this should inform discussion of the governance and delivery mechanisms of any new financing mechanisms. Transaction costs should be kept to a minimum.

7. The meeting welcomed the nomination of H.E. Ato Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia, as the coordinator of the African common position for the UNFCCC negotiations at Copenhagen.

8. The key political messages from this meeting, which do not represent a negotiating position, will be communicated to the High-level Event on Climate Change on 22 September, the upcoming Summit of the Group of Twenty in Pittsburgh on 24 and 25 September, relevant African processes, and the ongoing negotiations within UNFCCC.

9. Participants expressed their gratitude to the United Nations Economic Commission for Africa for hosting the meeting and for the excellent arrangements.